election of six members to the House Committee for the financial year 1960–61 :—

Time and date for the receipt of nominations.	5 p.m. on 18th March 1960.
Time and date for the scrutiny of nominations.	1 p.m. on 21st March 1960.
Time and date for the withdrawal of nominations.	5 p.m. on 21st March 1960.
Poll, if necessary	Between 11 a.m. and 1 p.m. on 24th March 1960.

Nomination forms can be had from the Secretary to the Council.

V.—BUDGET FOR THE YEAR 1960–61.

THE HON. SRI R. VENKATARAMAN : Sir, I have the honour to present to this House the Budget Estimates for the year 1960-61 and the Revised Estimates for the current year. Copies of the Budget Speech [a] of the Finance Minister are with hon. Members and I shall only refer to the broad features.

The Budget as now framed is reasonably well-balanced. While presenting the Budget for the current year, we had indicated that the anticipated revenue surplus of Rs. 139 lakhs would be completeley wiped off by the increase in dearness allowances of Rs. 5 sanctioned from 1st Januray 1959. The revised estimates for the current year, however, reveal a slightly more hopeful prospect and show a revenue surplus of Rs. 58 lakhs. The Budget Estimates for 1960–61 anticipate a deficit of Rs. 34 lakhs. But in a Revenue Budget of the order of Rs. 81 crores, this deficit is not very significant. We have not, therefore, proposed any additional taxation, a fact, which I am sure, will be received with satisfaction by all sections of this House. (Hear, hear). I may, however, mention a few disturbing thoughts. We have made only a token provision towards the grants due to Panchayats and Panchayat Unions which are now being constituted under the new Act. The statutory grants due to these local bodies when the State is fully covered, may amount to Rs. 5 or 6 crores. A portion of that outlay is already being covered by the existing educational and road development grants. But the balance to be made up will be substantial when all the 360 Panchayat Unions are constituted. Seventy-five Panchayat Unions will be formed during the coming year and provision will have to be made in due course for the grants due to these institutions. The Report of the State Pay Commission is expected very soon and this may lead to very considerable recurring additional outlay. It is not, therefore, unlikely that the Revised Estimates for 1960–61 will show a very large deficit.

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[a] Printed as Appendix on pages 27–143 infra.

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The Revenue outlay has been steadily increasing from Rs. 68·4 crores in 1958–59 to Rs. 77·7 crores in 1959–60 and Rs. 81·2 crores in 1960–61. And yet we have managed to balance the Budget without any additional taxation during the last two years. This was possible because the yields from the various commodity taxes such as General Sales Tax, the Central Sales Tax, Motor Vehicles Tax, Motor Spirits Tax, Entertainment Tax and the State's Share of Income-tax, are all showing improvement. This welcome trend may, to some extent, be due to the general rise in prices, but it largely reflects the measure of growth in the economy of the State as a result of the various development schemes we are implementing. It has been the aim of the Government to raise revenues without undue hardship and annoyance to the tax-payer and the House would have noted with satisfaction the concessions announced by the Finance Minister this morning in the working of the New Madras Sales Tax Act.

Out of the Revenue outlay of Rs. 81·2 crores proposed for 1960–61, Rs. 48·5 crores are on welfare and development schemes, such as Education (Rs. 15·5 crores), Medical and Public Health (Rs. 6·9 crores), Agriculture and allied services (Rs. 4·9 crores), Community Development Programme (Rs. 3·3 crores), Industries (Rs. 4·9 crores), Harijan Uplift (Rs. 2·9 crores) and Co-operation (Rs. 1·9 crores). The rapid increase in the revenue budget in recent years has been almost entirely on these ameliorative items. Taking the Education Budget, for example, we may note that the expenditure has gone up from Rs. 10·3 crores in 1956–57 to Rs. 15·5 crores in 1960–61. We have enrolled about 6 lakhs more of children in schools during these five years. We have also introduced the mid-day meal scheme in schools at a cost of about Rs. 80 lakhs in 1960–61 to feed about 10 lakhs of poor children and with this inducement, the task of providing full coverage for the age group 6–11 in the Third Plan may not present insuperable difficulties. We have stepped up food production by about 9 lakhs tons during the Plan period and achieved a measure of self-sufficiency in a year of normal seasonal conditions. Turning to the co-operative side, the rural credit scheme now extends to all the villagers of the State covering 50 per cent of the population and providing Rs. 22·5 crores of credit, as against 49 per cent of the villages and 21 per cent of the population and Rs. 6 crores of credit in 1956–57. Similarly we are spending Rs. 137 lakhs on new roads and bridges in 1960–61 as against Rs. 69 lakhs in 1956–57. We have doubled the power generation from 2,56,000 k.ws. in 1956–57 to 571,000 k.ws. in 1960–61 and the new block of power has all been absorbed in expanding existing industries and starting new ones. About 10,000 out of the 18,000 villages in the State will be deriving the benefit of electricity at the end of 1960–61 as against 4,000 villages at the commencement of the Second Plan. Critics of the Government may do well to pause and reflect over the statistics of physical achievement detailed by the Finance Minister in his speech, before levelling the conventional criticism of extravagance in public expenditure.

3-20 p.m.

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The Budget for 1960–61 is significant because it is the final one for the Second Five-Year Plan and would enable us to assess the measure of fulfilment of the Plan. The Finance Minister has explained the details of the various schemes and the measure of achievement on each of them. He has also pointed out that as against an original financial target of Rs. 152 crores, the actual performance is expected to be Rs. 181 crores. Practically all the physical targets set in the Plan have been reached. Some of them have been materially exceeded. A broad break-up of the total outlay of Rs. 181 crores is Rs. 77 crores or 43 per cent on Power, Rs. 32 crores or 17 per cent on Agriculture and Community Development, Rs. 15 crores or 8 per cent on Irrigation, Rs. 13 crores or 7 per cent on Industries, Rs. 5 crores or 3 per cent on Communications and the balance of Rs. 39 crores or 22 per cent on Social Services such as Education, Health, Welfare of Backward Classes, etc. The broad objectives as revealed by this pattern of outlay are to build up a stable agricultural base and to develop the power resources and thereby prepare the ground for a programme of rapid industrialisation. Of the total outlay of Rs. 181 crores, the large bulk amounting to Rs. 115 crores or 64 per cent will be on lasting capital assets of a productive nature, Rs. 19 crores or 11 per cent will be on loans mainly to local boards and other public bodies for urban water-supply and housing schemes which are again works of a lasting nature and the balance of Rs. 47 crores or 25 per cent only on current expenditure on welfare services. Hon. Members may note that this pattern of outlay is as it ought to be, because in an under-developed economy, the main effort should be concentrated on building up capital assets which go to improve the general standard of living of the people.

It is in the light of the experience gained during the Second Plan that we have to frame the Third Plan. The main problem of this State is the growing population and the consequent heavy pressure on land. On the 1951 Census, the density of the population of the State is about 600 per square mile against the All-India average of 312 per square mile. Compared with other States, agriculture is fairly well-developed, which means that the scope for further development is less than in other States. Therefore, if the national wealth of the State should increase by about 5 per cent annually, in keeping with the rest of India, a very substantial effort should be made towards industrialisation. But here we are faced with the problem of shortage of mineral resources and more particularly of coal. The Neyveli lignite seems to provide a measure of hope and, therefore, in projecting our thoughts on the Third Plan we should assign high priority to a steel plant of modest size based on Neyveli lignite and the Salem iron ore. The industrial development that has so far taken place in the State is the reward of an earlier enterprise on the development of hydro-electric resources. We have done fairly well on the power programme in the Second Plan, but all the power so far generated has been almost completely used up. We should now plan for doubling the present capacity during the Third Plan with special

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emphasis on thermal generation in order to correct the imbalance of our Power Grid which is at present heavily dependent on seasonal irrigation discharges.

We have made appreciable progress on technical education during the current Plan. The rapid economic recovery of countries like Japan and Germany after the ravages of the last War, has clearly indicated that the availability of technical skill is the major enabling factor towards rapid industrialisation. We should, therefore, redouble our efforts on technical education with special emphasis on training craftsmen in established industries to meet the growing needs of new industries. Large-scale industrial growth, covering a wide variety of engineering and consumer goods well-dispersed in the countryside, will be possible only if we endeavour to generate the necessary climate in the State. The laying out of industrial colonies with adequate transport, water and power facilities, the provision of common-servicing and repair facilities and the strengthening of the agencies for the supply of risk-capital and cheap credit, should all receive high priority in the new Plan. The new industrial development will increase the demand for fuel oil which has now to be transported over long distances and, therefore, we should explore the possibilities of tapping the oil the occurrence of which is now reported to be a possibility in the Cauvery basin. While engaged in these tasks, we should continue our efforts on the agricultural front, because larger agricultural production is the most essential requirement in building up the economy of an under-developed country. For a measurable time in the future, industrial development is likely to be around urban pockets and the general standard of living of the large bulk of the rural folk can be raised only by improving the productivity of land. All these matters are now being considered by a Committee of the Legislature and let us hope that they will soon be able to frame a practical Plan.

The accelerated pace of capital outlay in recent years has naturally increased the public debt of the State which now stands at about Rs. 170 crores. But neither the size of the public debt nor the amount required annually for servicing the debt should disturb us unduly, for the borrowed moneys have been invested wisely by productive assets. We have invested Rs. 103 crores on Power Projects and Rs. 51 crores on Irrigation Projects. We have also lent about Rs. 42 crores to cultivators and local bodies and other public corporations. The book value of all the assets including investments, buildings and other miscellaneous assets comes to Rs. 230 crores which is substantially in excess of the public debt. The Madras Government, therefore, continues to be as good an investment as ever before. Prudence and patriotism should alike move the investing public to continue to lend the Government their support.

With these few words, Sir, I commend the Budget for 1960-61 for the consideration of the House. (Cheers.)